

# City of Detroit


## CITY COUNCIL

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ANNE MARIE LANGAN  
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TO: COUNCIL MEMBERS

FROM: Irvin Corley, Jr., Director 

DATE: December 4, 2008

RE: Randy K. Lane, P.C., CPA 4<sup>th</sup> Amendment \$300,000 Contract  
Increase Request (**Recommend Approval**)

I understand the Finance Department wants to walk on during this Friday's Budget, Finance and Audit Standing Committee meeting a 4<sup>th</sup> amendment to the Randy K. Lane, P.C., CPA (Lane-PC) contract, increasing the contract amount by \$300,000, from \$875,000 to a not to exceed amount of \$1,175,000.

Based on responses to my inquiries on this amendment, I provide the following report.

Council will recall that in September you approved a 3<sup>rd</sup> amendment to the Lane-PC contract, increasing the contract amount by \$415,000, to provide accounting services for the completion of the 2007 Comprehensive Annual Financial Report (CAFR) and the 2007 Single Audit. The Lane-PC contract ends December 31, 2008 under the 3<sup>rd</sup> amendment.

If Council approved the 4<sup>th</sup> amendment, the scope of services would essentially be the same, with the only addition that Lane-PC would also assist in the preparation of the 2008 CAFR. The contract would end February 28, 2009.

Council will also recall that in November you approved a \$350,000 Plante & Moran emergency contract to provide accounting services to complete the 2007 and 2008 CAFRs.

According to Finance, Lane-PC currently controls the completion of the 2007 CAFR and must be retained to complete the 2007 CAFR. More specifically, Lane-PC's role is to complete the physical 2007 CAFR by inputting the necessary financial information, updating and cross-referencing to the appropriate areas in the CAFR that the changes affect, and producing a final product.

Finance feels it would be too time consuming to transfer this responsibility to Plante & Moran at this point in time. Meanwhile, Lane-PC would also assist Plante & Moran in addressing the outstanding issues raised by the City's external auditors, KPMG, in order to close the City's books.

Finance plans not to use Lane-PC extensively for the completion of the 2008 CAFR. Plante & Moran, with Lane-PC performing a supporting role, will primarily perform this role.

Council understands the importance of a completed 2007 CAFR in order for the City to sell bonds. Currently, there are two bond proposals before your Honorable Body that I will address in separate memos.

Fortunately, the Secretary of State extended the completion of the 2007 CAFR timeline to December 31<sup>st</sup> for the City to maintain its self-insurance status, with options to extend until January 31<sup>st</sup>, and February 28<sup>th</sup>, depending on the Secretary's satisfaction with the City's progress in completing the 2007 CAFR.

Unfortunately, however, the State Treasurer will continue to withhold state revenue sharing payments until the completion of the 2007 CAFR.

Therefore, it is imperative that the 2007 CAFR gets completed as soon as possible, and Lane-PC's role is critical in this process.

For these reasons, I recommend that Council approve the 4<sup>th</sup> amendment to the Lane-PC contract.

One final note: Budget and Law did not sign off the 4th amendment document. It is my understanding those signatures will be available by tomorrow. Obviously, your Honorable Body should await the fully signed contract transmittal before acting on this contract during the formal session on Tuesday, December 9<sup>th</sup>.

cc: Council Divisions  
Auditor General's Office  
Joseph Harris, Chief Financial Officer  
Mike Bridges, Chief Accounting Officer  
Pamela Scales, Budget Director  
Arese Robinson, Mayor's Office

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